Approved For Release 2002/08/16: CIA-RDP78-01617A005800030047-1

DIA, OSD and DOS review(s) completed.

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GENERAL

- 1. Sweden to apply for UN membership—The Swedish Legation has informed the State Department that Sweden will probably apply for UN membership before the 16 August deadline. The Legation indicated that Sweden intends to defer its application until the "eleventh hour."
- 2. AFHQ finds no evidence Saseno ceded to USSR--Allied Force HQ in Italy has 'no information whatsoever' to support the rumor that Albania has ceded the island of Saseno to the USSR (see Daily Summary of 29 July, item 2).
- Embassy Moscow concurs with US Military Attache Moscow in challenging the estimate of Selim Sarper, Turkish Ambassador to the USSR, that Marshal Zhukov's recent shift to the Black Sea area is part of a Soviet preparation for a surprise attack on Turkey (see Daily Summary of 5 August, item 2). The Embassy believes that Zhukov's transfer probably resulted from his unwillingness to "knuckle under reimposition of full political control" and that a surprise attack, while possible, (a) is not in line with the USSR's present need to absorb its war-time gains and recover from war-weariness, and (b) would further expose the USSR's "essentially predatory character" and possibly provoke US-UK military retaliation. The Embassy concedes that Sarper is very shrewd and well-informed but suggests that his comments may have been designed to keep alive US anxiety about Turkey.

US Military Attache Prague reports that the Soviet MA Prague has confirmed Zhukov's assignment as Commander of the Black Sea area, including Army, Navy and Air Force units.

EUROPE-AFRICA

4. USSR: Rumors of anti-Communist activity in USSR--Assistant US Naval Attache Odessa reports receiving "information from various sources" of a strong anti-Communist organization throughout the USSR with a minimum of 6,000 members in each large city. Over 6,000 members are claimed for Odessa, with arms, ammunition and

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food cached for use in a projected uprising to be undertaken within six months. This organization is rumored to be the same as that credited with burning the Odessa Communist Party Headquarters last winter.

The NA also reports that Zhukov is rumored to be concentrating large forces of heavy artillery in the Ukraine.

- 5. HUNGARY: Air agreement with US welcomed--US Minister Schoenfeld in Budapest reports that the Hungarian Government is now ready to discuss civil aviation rights with the US, and that Hungarian air authorities are eager to have a US airline operate into Hungary as soon as possible. US Legation officials believe the Hungarian cooperative attitude may be evidence that the USSR and its satellites are recognizing that "an economic iron curtain might be turned into a two-way proposition." (A previous Rungarian Cabinet decision to accede to the US request for transit and landing rights was vetoed by Soviet military authorities -- see Daily Summary of 21 May, item 4.)
- 6. FRANCE: Union defiance alarms Communists—US Military Attache Paris reports that the Communist leadership of both the Party and the General Confederation of Labor is seriously alarmed by the success of the large Post, Telegraph, and Telephone Union in pursuing its recent strike to a satisfactory conclusion despite Communist orders to return to work after a ten-hour demonstration. According to the MA, the strike represents the first effective combination of French trade union elements opposed to Communist domination.

 that the Communist Ministers in the Government threatened to resign, but were ordered by Molotov to remain.

FAR EAST

7. N.E.I.: US urges early settlement—Acheson believes that the increased tempo of Soviet press and radio comments on Indonesia may presage early Soviet efforts to re-introduce the N.E.I. question in the UN. He has suggested that Embassy The Hague indicate to the Netherlands Foreign Office the desirability of expediting (a) parliamentary action to resolve the current impasse in Dutch-Indonesian negotiations and (b) public announcement of the Dutch position.

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8. FRENCH INDOCHINA: French may negotiate with Siam—Caffery reports that the French now appear less inclined to submit the question of the disputed Siamese territories to the International Court and have indicated that they might instead negotiate directly with acceptable Siamese representatives.

THE AMERICAS

- 9. VENEZUELA: Press attacks CAB and PAA--US Embassy Caracas expresses the belief that the Venezuelan Government is stimulating the current campaign in the Venezuelan press against the Civil Aeronautics Board's failure to grant US landing rights to three domestic airlines, one of which is government-owned. The press attributes this failure to the "obstructionist tactics" of Pan American Airways. The Embassy believes that the campaign may foreshadow reprisals against PAA in Venezuela.
- 10. BOLIVIA: <u>Urgent need for US wheat</u>—US Ambassador Flack urgently recommends that the US release 10,000 tons of wheat for immediate shipment to Bolivia to alleviate the increasingly critical shortage. He states that Argentine shipments may cease after the delivery of June purchases.